



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Adopt resolution authorizing the City of Lodi to endorse the California Municipal Utilities Association's Principles Addressing Greenhouse Gas Reduction Goals (EUD)

**MEETING DATE:** November 15, 2006

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** Adopt a resolution authorizing the City of Lodi to endorse the attached California Municipal Utilities Association's (CMUA) Principles Addressing Greenhouse Gas Reduction Goals.

**BACKGROUND INFORMATION:** On June 5, 2006, the CMUA Board of Governors adopted a resolution pledging to support state goals for greenhouse gas reduction. CMUA is a statewide association of local public agencies serving water, gas and electricity to California consumers.

The principles support the adoption by each electric utility governing body of the following measures:

- Developing a greenhouse gas (GHG) reduction plan consistent with the state's reduction goals.
- Proactively implementing state law, which requires that "...each local publicly owned electric utility, in procuring energy, shall first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible."
- After first investing in energy efficiency, then pursuing renewable energy supplies, and other non-greenhouse gas emitting energy resources and clean fossil resources:
  - continuing to aggressively pursue renewable energy supply.
  - facilitating distributed generation/combined heat and power projects.
- Quantifying the financial risk of greenhouse gas-producing resources in the planning and procurement process, including, but not limited to, quantifying a carbon emissions risk "adder" (credit) for both in-state and out-of-state resources.
- Considering environmental justice issues in its overall resource procurement and greenhouse gas reduction policies.
- Supporting standardized, mandatory greenhouse gases reporting from all significant sources.
- Providing measurement and verification of programs that reduce greenhouse gas emissions.
- Providing education to customers on ways they can reduce their greenhouse gas emissions, and providing assistance where feasible.

EUD believes that the adoption of these principles will send a positive message to all concerned with GHG emissions and assist its legislative advocates in future discussions surrounding climate change regulation and legislation. Lodi, and the public power community in general, has had a long-standing commitment to environmental and social responsibility. Lodi's support of the CMUA GHG Principles demonstrates to environmental policymakers the utility's proactive interest in being a contributor to addressing the GHG problem.

APPROVED: Blair King  
Blair King, City Manager

**Adopt resolution authorizing the City of Lodi to endorse the California Municipal Utilities Association's Principles Addressing Greenhouse Gas Reduction Goals (EUD)**

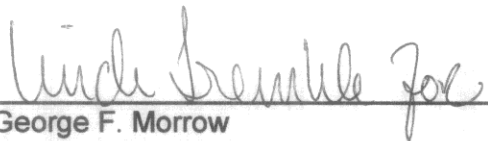
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The CMUA GHG Principles are consistent with Assembly Bill 32, which was signed into law on September 26, 2006. AB 32, titled "California Global Warming Solutions Act of 2006", requires the implementation of a variety of measures with a goal of reducing year 2020 GHG emissions in California to year 1990 levels.

**FISCAL IMPACT:** The overall financial and budgetary impacts from adopting the CMUA GHG Principles are not known with any specificity at this time, but are expected to be consistent with the impacts of recently enacted Assembly Bill 32. NCPA has begun tracking and reporting greenhouse gas emissions related to the electric generation projects it manages for member agencies like Lodi.

**FUNDING:** Not applicable.

  
George F. Morrow  
Electric Utility Director

Prepared By: Sondra Huff, Senior Rate Analyst

GFM/SH/ist

Attachment

## **California's Publicly Owned Electric Utilities' Principles Addressing Greenhouse Gas Reduction Goals**

California's publicly owned electric utilities have a long history of environmental stewardship, investment in renewable technologies, and commitment to energy efficiency. As not-for-profit utilities regulated by local elected officials and ultimately responsible to their customer/owners, they are motivated by providing value to, and responding to the goals of, the community they serve. Publicly owned utilities have been in the forefront of the development of solar energy, wind energy, fuel cells, and energy efficiency. During California's ill-fated electric restructuring exercise, California's publicly owned utilities continued to meet their obligation to serve. Today, they remain vertically integrated entities, planning for the load they serve and investing in energy efficiency and a diverse resource mix to serve that load.

California's publicly owned utilities recognize the necessity of reducing greenhouse gas (Ghg) emissions in accord with state policies while maintaining reliability of electric service, public safety, and economic energy prices. They look forward to working collaboratively with both the state and federal governments to develop and implement greenhouse gas reduction programs that involve all sectors of the economy that contribute to greenhouse gas emissions.

### **PRINCIPLES**

Therefore, the Board of Governors of the California Municipal Utilities Association (CMUA), representing the State's publicly owned electric utilities agree to the following principles and further agree to recommend the adoption of these principles by the governing boards and councils of local publicly owned electric utilities.

1. Each utility will develop a greenhouse gases reduction plan, consistent with the State's reduction goals, adopted by its elected governing board in public hearings, and provided to the California Energy Commission when adopted and whenever updated. Smaller utilities may choose to aggregate their plans into a single, larger plan. Each utility will explore the impact of a "sustainable portfolio" to allow the utility to meet its overall load-based greenhouse gas reduction goals by balancing investments in renewable energy, energy efficiency and demand reduction, carbon trading, carbon emissions mitigation, and/or through other innovative ways. In the design of programs to reduce greenhouse gases emissions, each utility supports the concept of receiving credit for early action to reduce greenhouse gases emissions.
2. As a means of meeting greenhouse gases reduction goals, each utility will proactively implement state law, which requires that "...each local publicly owned electric utility, in procuring energy, shall first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable, and

- feasible." Such investment in cost-effective energy efficiency and demand reduction resources will not be limited to public benefits funds allocations.
3. As a means of meeting greenhouse gases reduction goals and meeting energy needs after implementing point 2 above, each utility will first pursue renewable energy supplies, and second, other non greenhouse gas emitting energy resources and clean fossil resources:
    - a. In considering renewable resources in competition with fossil fuel resources each utility will quantify the financial risk of greenhouse gas producing resources in their planning and procurement process, including but not limited to a quantified carbon emissions risk adder for both in-state and out-of-state resources.
    - b. Each utility will continue to aggressively pursue its renewable energy supply in accordance with its renewable portfolio standard (RPS), pursuant to public utilities code section 387.
    - c. Each utility will facilitate distributed generation/combined heat and power (DG/CHP) projects that reduce greenhouse gases emissions in their service territory by evaluating transmission and distribution benefits and providing equitable methods for the DG/CHP owner to sell excess electricity to the host utility.
    - d. Each utility will consider environmental justice issues in its overall resource procurement and greenhouse gas reduction policies.
  4. Each utility will support standardized, mandatory greenhouse gases reporting from all significant sources. Smaller utilities may choose to aggregate their greenhouse gases reporting.
  5. Each utility will provide measurement and verification of programs that reduce greenhouse gases emissions.
  6. Each utility will provide education for its customers on ways that they can reduce their greenhouse gases emissions, and provide assistance where feasible. Any utility that provides financial assistance shall receive credit for appropriate share of the reductions towards that utility's goals.

### **IMMEDIATE ACTIONS**

The CMUA Board of Governors recommends that all electric utility members initiate the following actions immediately:

1. Obtain governing board or council adoption of these principles.
2. Schedule a joint planning workshop with the California Energy Commission regarding the implementation of these principles.

### **LONG TERM ACTIONS**

The CMUA members will initiate the detailed actions necessary to implement the principles approved by their governing board or council.

RESOLUTION NO. 2006-205

A RESOLUTION OF THE LODI CITY  
COUNCIL ENDORSING THE CALIFORNIA  
MUNICIPAL UTILITIES ASSOCIATION'S  
PRINCIPLES ADDRESSING GREENHOUSE  
GAS REDUCTION GOALS

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WHEREAS, on June 5, 2006, the California Municipal Utilities Association's (CMUA) Board of Governors adopted a resolution pledging to support state goals for greenhouse gas reduction; and

WHEREAS, CMUA is a statewide association of local public agencies serving water, gas, and electricity to California consumers; and

WHEREAS, the principles support the adoption by each electric utility governing body of the following measures:

1. Developing a greenhouse gas (GHG) reduction plan consistent with the state's reduction goals.
2. Proactively implementing state law, which requires that "...each local publicly-owned electric utility, in procuring energy, shall first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible."
3. After first investing in energy efficiency, then pursuing renewable energy supplies and other non-greenhouse gas emitting energy resources and clean fossil resources:
  - continuing to aggressively pursue renewable energy supply.
  - facilitating distributed generation/combined heat and power projects.
4. Quantifying the financial risk of greenhouse gas-producing resources in the planning and procurement process, including, but not limited to, a quantified carbon emissions risk adder (credit) for both in-state and out-of-state resources.
5. Considering environmental justice issues in its overall resource procurement and greenhouse gas reduction policies.
6. Supporting standardized, mandatory greenhouse gases reporting from all significant sources.
7. Providing measurement and verification of programs that reduce greenhouse gas emissions.
8. Providing education to customers on ways they can reduce their greenhouse gas emissions and providing assistance where feasible.

WHEREAS, Electric Utility Department staff believes that the adoption of these principles will send a positive message to all concerned with GHG emissions and assist its legislative advocates in future discussions surrounding climate change regulation and legislation; and

WHEREAS, the CMUA Greenhouse Gas Principles are consistent with Assembly Bill 32, which was signed into law on September 26, 2006. AB 32, titled "California Global Warming Solutions Act of 2006," requires the implementation of a variety of measures with a goal of reducing year 2020 GHG emissions in California to year 1990 levels.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby endorse the CMUA's principles addressing greenhouse gas reduction goals.

Dated: November 15, 2006

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I hereby certify that Resolution No. 2006-205 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 15, 2006, by the following vote:

AYES:	COUNCIL MEMBERS – Beckman, Hansen, Johnson, Mounce, and Mayor Hitchcock
NOES:	COUNCIL MEMBERS – None
ABSENT:	COUNCIL MEMBERS – None
ABSTAIN:	COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk